

## Message Text

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EXDIS

E.O. 11652: GDS

TAGS: PFOR OVIP (KISSINGER, HENRY A.)

SUBJECT: SPECIAL SUMMARY NUMBER 12: TELEGRAPHIC SUMMARY

### 1. PORTUGAL

#### A. MODERATES MUST SHOW GUTS AND POWER, OR FAIL

POSING THE QUESTION WHY COSTA GOMES DID WHAT HE DID, EMBASSY LISBON SEES THE PRESIDENT AS EITHER INCREDIBLY NAIVE AND INEPT, OR BEING BLACKMAILED BY THE COMMUNISTS, OR IN LEAGUE WITH GONCALVES. NOT WITHSTANDING POTENTIAL PROBLEMS GONCALVES CAN CAUSE FROM HIS NEW POSITION:

--SOARES' REFUSAL OF COSTA GOMES' ENTICING OFFER OF A MAJORITY IN THE NEW GOVERNMENT JUST BARELY SAVED THE ANTI-COMMUNIST MOVEMENT FROM DEMORALIZATION AND COLLAPSE.

--WITHOUT THE SOCIALISTS, OR PPD WHO WILL LIKELY FOLLOW SUIT, THE AZEVEDO GOVERNMENT CAN AT BEST BE A SHAM GOVERNMENT.

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--WITH COSTA GOMES HAVING CEDED MOST OF HIS AUTHORITY AND PRESTIGE, THE COMMUNISTS ARE THE CHIEF BENEFICIARY OF PORTUGAL'S CONTINUING POLITICAL IMPASSE.

THE NINE STILL HAVE IMPORTANT RESIDUAL ASSETS INCLUDING THE CONSERVATIVE POPULATION, THE SOCIALISTS' POPULAR BASE, MODERATES IN THE OFFICER CORPS, AND IMPLICIT SUPPORT FROM THE CHURCH AND THE WEST. BUT, THEY MUST FIGHT A DETERMINED MINORITY THAT REFUSES TO RELAX ITS GRIP ON THE KEY LEVERS OF POWER.

AMBASSADOR'S COMMENT: AN ANTI-COMMUNIST STRATEGY CANNOT SUCCEED WITHOUT A GREATER SHOW OF NAKED POWER AND SHEER GUTS THAN THE MODERATES HAVE SO FAR SHOWN. THIS MUST ALSO INCLUDE BETTER COORDINATION OF THEIR TOTAL ASSETS, INCLUDING SOARES AND HIS PARTY. A LARGE TASK.

#### B. SWEDISH VIEWS

AN MFA OFFICIAL TOLD AMBASSADOR STRAUSZ-HUPE THAT THE GOS IS THOROUGHLY PLEASED WITH THE DISCRETION AND TACT SHOWN BY THE USG IN PORTUGAL. THE OFFICIAL ALSO SAID:

--PRIME MINISTER PALME FEELS THAT PORTUGAL IS THREATENED WITH A REPLAY OF "PRAGUE AND SANTIAGO" AND DOUBTS THE SOVIETS WISH TO TAKE ON MORE LIABILITIES.

--THE GOS, IMPRESSED BY THEIR VOLATILITY, HOPES TO HAVE KEY PORTUGUESE LEADERS VISIT SWEDEN, "WHERE THEY CAN BE EXPOSED TO STEADYING, STABILIZING INFLUENCES."

#### 2. ANGOLA: MPLA CHARGES SOUTH AFRICAN INVASION

MPLA OFFICIALS AUGUST 30 REITERATED THE CHARGE THAT SOUTH AFRICAN TROOPS, AIDED BY PORTUGUESE REACTIONARIES AND SOUTH AFRICAN MERCENARIES, ATTACKED PEREIRA D'ECA IN SOUTHERN ANGOLA AUGUST 27. THE OFFICIALS CLAIMED THE ATTACKS WERE AIMED AT MPLA UNITS AND THAT A NUMBER OF BUILDINGS WERE DESTROYED AND SACKED.

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CONSUL GENERAL KILLORAN IS SEEKING CONFIRMATION OF THE MAKEUP AND PURPOSE OF WHITE FORCES ALLEGEDLY ENTERING FROM NEIGHBORING COUNTRIES. KILLORAN WAS TOLD BY THE LUANDA COMMANDO COMMANDER THAT THE FORCE CONSISTED OF 1000 MERCENARIES FROM MOZAMBIQUE AND RHODESIA COMBINED WITH PORTUGUESE FROM SOUTHERN AND CENTRAL ANGOLA. (SEE ITEM 3 OF THE INTELLIGENCE SUMMARY)

3. PALESTINIANS GEAR UP TO DENOUNCE INTERIM AGREEMENT?

FATAH AND THE POPULAR DEMOCRATIC FRONT ISSUED SIMULTANEOUS STATEMENTS IN KUWAIT AUGUST 30 CONDEMNING THE INTERIM AGREEMENT IN THE SINAI. EMBASSY KUWAIT REPORTS THAT WHILE THE PDFLP WAS DIRECTLY CRITICAL OF THE EGYPTIAN REGIME, FATAH LAID THE BLAME ENTIRELY AT THE AMERICAN DOORSTEP.

4. IRAN PROMISES YEMEN MONEY NOW--WILL IT PAY LATER?

YEMENI PRESIDENT AL HAMDI VISITED TEHRAN AUGUST 27-29 AND WAS GIVEN FULL HEAD OF STATE TREATMENT. COMMENTING ON PRIME MINISTER HOVEYDA'S PROMISE TO HAMDI OF ECONOMIC AND TECHNICAL AID, EMBASSY TEHRAN NOTES:

--DESPITE WARNINGS THAT IRAN MUST KEEP EXPENDITURES WITHIN BOUNDS, IT CONTINUES TO MAKE FOREIGN COMMITMENTS. IT APPEARS THE GOI FINDS IT EASIER TO SAY YES NOW, AND THEN STALL FOR TIME, THAN TO SAY NO.

5. ITALIAN POLITICAL PRESSURE YET TO BE SEEN

EMBASSY ROME REPORTS THAT WHILE PRIME MINISTER MORO AND THE CHRISTIAN DEMOCRAT (DC) LEADERSHIP REMAIN ADAMANTLY OPPOSED TO COMMUNIST (PCI) PARTICIPATION IN THE GOVERNMENT, THERE IS DISCORD WITHIN THE PARTY AND CONTINUED PRESSURE FROM THE SOCIALISTS (PSI).

--THE CHRISTIAN DEMOCRATS' ABRUPT POLICY SHIFT IN EARLY AUGUST ALLOWING COOPERATION ON THE LOCAL LEVEL BETWEEN THE DC AND PCI HAS REINVIGORATED INTEREST IN A NATIONAL COALITION.

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--MORO IS CLEARLY TEMPORIZING TO AVOID CONFRONTATION WITHIN HIS PARTY.

WHILE THE PSI MAY NOT PRESS TOO HARD UNTIL AFTER ITS DECEMBER CONGRESS, IT HAS MADE CLEAR THAT ITS DEMAND IS NOT NEGOTIABLE.

6. SOVIET VIEWS ON THE UN BUDGET

AT THE REQUEST OF THE SOVIET DELEGATION AN ITEM ON "UN BUDGET" WAS INCLUDED IN THE AGENDA OF THE BILATERAL CONSULTATIONS ON AUGUST 29. THE SOVIETS:

--EXPRESSED CONCERN THAT THE HIGH RATE OF GROWTH OF THE

BUDGET WAS A "VERY UNHEALTHY TREND;"

--COMMENTED, IN RESPONSE TO THE US OBSERVATION THAT A MAJOR PART OF THE INCREASE WAS DUE TO INFLATION, THAT THOSE RESPONSIBLE FOR INFLATION SHOULD COMPENSATE THE UN;

--SAID THEY HOPED COOPERATION ON BUDGET ITEMS AMONG UNSC PERMANENT MEMBERS COULD BE REVIVED.

#### 7. PERU: WHY IT HAPPENED--WHAT IT MEANS

EMBASSY LIMA TENDERS PRELIMINARY OBSERVATIONS CONCERNING THE COUP AND ITS TIMING, AGREEING WITH GOP STATEMENTS THAT THE MOVE WAS PREDICATED ON VELASCO'S INCREASINGLY ERRATIC BEHAVIOR AND PERSONALIZED RULE. UNPOPULAR AND EMBARRASSING ASPECTS OF VELASCO'S LEADERSHIP THAT FIGURED IN HIS REMOVAL INCLUDE:

--HIS DECISION TO NATIONALIZE MARCONA WHILE HIS MINISTER OF MINES WAS OUT OF THE COUNTRY;

--HIS DRAMATIC AND QUIXOTIC NATIONALIZATION OF GULF OIL WITHOUT ECONOMIC JUSTIFICATION;

--HIS PENCHANT FOR TONGUE-LASHING HIS MINISTERS AND ALIENATING FRIENDLY AND NEIGHBORING COUNTRIES.

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--HIS LACK OF SELF CONTROL, WHICH ENGENDERED FEAR IN SOME OF HIS DEPUTIES THAT HE MIGHT EVEN ORDER MOVES COUNTER TO PERU'S BEST INTERESTS--E.G. A MILITARY ACTION AGAINST CHILE.

THE EMBASSY SPECULATES THAT THE REGIONAL COMMANDERS ACTED WHEN THEY DID, DESPITE THE CONCURRENT NAC SESSION, BECAUSE THEY AWARDED HIGHER PRIORITY TO THE REMOVAL OF VELASCO THAN TO EMBARRASSMENT BEFORE THE THIRD WORLD AND BECAUSE THE UNLIKELIHOOD OF A COUP DURING THE NAC CONFERENCE INCREASED THEIR CHANCES OF SUCCESS.

THE EMBASSY BELIEVES THAT MORALES BERMUDEZ IS REALLY A CENTRIST AMONG PERUVIAN "REVOLUTIONARIES" AND THAT HE WILL ACT TO:

--DIRECT THE REVOLUTION IN A MORE PRUDENT AND ORDERLY FASHION BY MODERATING THE RADICAL ELEMENTS AMONG THE MILITARY LEADERSHIP;

--IMPROVE RELATIONS WITH THE US, PARTICULARLY IF HE IS

DISPOSED TO RESOLVING THE MARCONA PROBLEM.

8. CUBA: ECHEVERRIA ON NEGOTIATING WITH FIDEL

FOLLOWING HIS RECENT TRIP TO HAVANA MEXICAN PRESIDENT ECHEVERRIA TOLD AMBASSADOR JOVA THAT CASTRO, WHEN ASKED, HAD SAID THAT HE DID INDEED WANT TO NEGOTIATE WITH THE US AND TO ACHIEVE SOME NEW FORM OF RELATIONSHIP. ECHEVERRIA ALSO OBSERVED THAT:

--CASTRO MIGHT BE WILLING TO CONCEDE COMPENSATION FOR EXPROPRIATIONS IN RETURN FOR A OFFER OF COMPENSATION FOR THE ECONOMIC DAMAGE WROUGHT BY THE BLOCKADE.

--IT IS OF KEY IMPORTANCE TO THE HEMISPHERE TO DRAW CUBA OUT OF THE SOVIET ORBIT.

ECHEVERRIA ADDED THAT HE FOUND THAT WITH CASTRO, WHO POSSESSES A "TROPICAL TEMPER," GENTLE PERSISTENCE OFTEN  
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BRINGS ABOUT A MORE REASONED REPLY AFTER INITIAL EMOTIONALISM. INGERSOLL

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